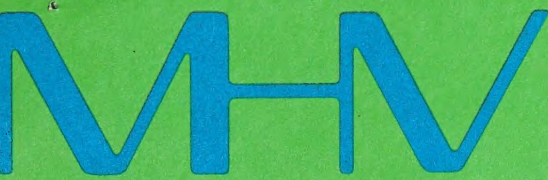


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INDUSTRIES LIMITED

BOX 2700, STATION D, OTTAWA, ONTARIO

OCT 21 1969

I N T R O D U C T I O N :

M.H.V. INDUSTRIES LTD. IS A NEW, ALL CANADIAN, RAPIDLY GROWING COMPANY, DESIGNING, MANUFACTURING, AND MARKETING "SURFACE-EFFECT MACHINES", ALSO KNOWN AS "HOVERCRAFTS", FOR THE CONSUMER MARKET. DESIGN OF THE FIRST MACHINE TO BE MARKETED BY M.H.V. LTD. IS A SMALL, EFFICIENT AND SOPHISTICATED CRAFT CALLED "SPECTRA-1". THIS CRAFT, FAST AND MANOEUVRABLE, HAS BEEN BUILT TO APPEAL TO THE HIGH-VOLUME RECREATIONAL MARKET, AND IS ATTRACTIVELY PRICED WITH AN EXCELLENT POTENTIAL.


THE COMPANY WAS INCORPORATED ON NOVEMBER 26, 1968, TO PROVIDE FOR THE INITIAL DESIGN AND DEVELOPMENT STAGES REQUIRED FOR SUCH AN UNDERTAKING.

THE INITIAL DEVELOPMENT AND PROTOTYPE STAGES WERE SUCCESSFULLY COMPLETED BY APRIL THIS YEAR, INCLUDING THE BUILDING OF SIX PRODUCTION PROTOTYPES. THE TEST RESULTS RECEIVED FROM THESE PROTOTYPES CONFIRMED THAT THE CRAFT PERFORMANCE EXCEEDED THE ORIGINAL SPECIFICATIONS, AND ALSO VERIFIED THE PRODUCTION DESIGN CONFIGURATION.

THE SUCCESS OF THE INITIAL DESIGN AND DEVELOPMENT STAGES HAS ENABLED THE COMPANY TO GAIN THE REQUIRED LICENCE FROM "HOVERCRAFT DEVELOPMENT LIMITED" (H.D.L.) OF ENGLAND, TO PRODUCE AND SELL "SPECTRA-1" TO THE NORTH-AMERICAN MARKET.

IN ORDER TO STRENGTHEN THE COMPANY'S POSITION, M.H.V. LTD. HAS APPLIED FOR CERTAIN DESIGN AND PATENT REGISTRATIONS, THAT, WHEN APPLIED TO THE "H.D.L." LICENCE, WILL ASSURE THE COMPANY OF A CLEAR LEAD IN THIS PARTICULAR AREA OF THE "HOVERCRAFT" INDUSTRY.

MHV



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SIMPLICITY IN DESIGN WITH AN APPRECIATION OF THE NEED FOR EASY MAINTENANCE IN THE FIELD WAS THE KEY-NOTE FOR DEVELOPING A MARKETABLE SINGLE-SEAT AIR-CUSHION VEHICLE FOR THE SPORTS AND RECREATIONAL FIELDS.

IN ORDER TO PROVIDE EASY MAINTENANCE IN THE FIELD AND MINIMIZE THE COST, THE CRAFT POWER SYSTEMS AND HARDWARE COMPRIZE OF WELL-KNOWN OFF-THE-SHELF COMPONENTS WHEREVER POSSIBLE. THE DIFFICULTY IN FINDING EFFECTIVE CONTROL SYSTEMS, FLEXIBLE SKIRT AND PROPULSION SYSTEMS, HAS BEEN OVERCOME BY INCORPORATING A COMBINATION OF IMPROVED IDEAS AND INNOVATIONS WHICH HAVE PRODUCED A STYLE PACKAGE UNLIKE ANY OTHER HOVERCRAFT TO-DATE.

THE DESIGN COMBINES THE LATEST IN PRODUCTION TECHNIQUES AND MATERIALS IN ORDER TO HAVE A PRODUCT EASY TO MANUFACTURE, AND ECONOMICAL TO TRANSPORT.

MHV

THE STYLING CONCEPT IS A "SPACE-AGE" VISUAL PRESENTATION, AND TO COMPLIMENT SUCH A POLICY, ALL COLOURS AND PROMOTIONAL MATERIAL WILL BE DIRECTED BY THIS CONCEPT.

M.H.V. LTD. IS PRESENTLY OPERATING FROM RENTED PREMISES, TOTALLING 20,000 SQUARE FEET. FROM THESE PREMISES, THE COMPANY IS PRODUCING SIX CRAFT PER DAY, ON A LIMITED PRODUCTION BASIS. THESE LIMITED PRODUCTION CRAFT WILL BE USED TO ASSESS CAPABILITY AND DURABILITY, TO INTRODUCE THE MACHINE TO THE PUBLIC, AND PROVIDE FOR DEALER TRAINING. ALL CHANGES AND IMPROVEMENTS WILL BE INTRODUCED DURING THIS PERIOD AND BEFORE THE MAJOR PRODUCTION FACILITY BEGINS HIGH-LEVEL OPERATIONS.

RUNNING IN PARALLEL WITH THE PRESENT LIMITED PRODUCTION OPERATION, IS THE BUILDING AND EQUIPPING OF A COMPLETE PRODUCTION FACILITY IN KANATA, NEAR OTTAWA.

MHV

IN ORDER TO FULLY FACILITATE PRODUCTION NEEDS, AS PREDICTED BY FINDINGS FROM PROGRESSIVE EXPORT AND HOME MARKET SURVEYS, RESPONSE FROM DISTRIBUTORS, DEALERS AND CONSUMER CONTRACTS, THE COMPANY PROJECTED AN INITIAL REQUIREMENT FOR A PLANT OF 100,000 SQUARE FEET. THIS PLANT IS NOW UNDER CONSTRUCTION ON AN 11 ACRES SITE, BOUNDED BY A MAJOR HIGHWAY AND THE CANADIAN NATIONAL RAILROAD.

OPERATIONS WILL BEGIN AT THE NEW FACILITY AT THE LATTER PART OF DECEMBER OF THIS YEAR, AND WITHIN A SIX-MONTH PERIOD, WILL BUILD UP TO A PRODUCTION RATE OF APPROXIMATELY 10,000 CRAFT PER YEAR.

FROM THE PRESENT CONTRACTED SALES, AND INITIAL ENTHUSIASM, THE COMPANY HAS A PROJECTED TIME SCHEDULE ENABLING A PRODUCTION RATE OF 30,000 UNITS PER YEAR, WITHIN A 30-MONTH PERIOD.

THE COMPANY'S ENTRY INTO THE MARKET THROUGH DISTRIBUTORS AND DEALERS, HAS BEEN ACCOMPLISHED BY PLANNING AND DEMONSTRATING A STRONG SALES POLICY BACKED-UP BY A WARRANTY SERVICE AND A MAINTENANCE POLICY.

THE PUBLIC IS MORE AWARE OF A.C.V. 'S TODAY THAN THE INTRODUCTION OF OTHER TYPES OF VEHICLES PRODUCED, WHETHER FOR WORK OR PLEASURE. THIS IS DUE TO THE PUBLICITY GIVEN TO THE LARGER CRAFT, THE INVENTORS OF SMALL CRAFT, AND THE PUBLIC'S LEISURE TIME TO PURSUE SOMETHING NEW THAT CREATES FUN AND SPORT. THE VERSATILITY OF "SPECTRA-1" PUTS IT INTO COMPETITION WITH ALL TYPES OF OFF-HIGHWAY MACHINES AND SMALL BOATS. A LINE OF INTERESTING ACCESSORIES AND SPORT CLOTHES, WILL ALSO BE MARKETING THROUGH DISTRIBUTORS AND DEALERS. FUTURE PLANS CALL FOR THE PRODUCTION OF A TOWABLE AIR-SLED, THAT CAN BE CONTROLLED FROM AND TOWED BY THE "SPECTRA-1".

THE IMPACT ON THE INDUSTRY SHOULD BE VERY FAVOURABLE,
DUE TO THE FACT THAT THIS IS THE INITIAL INTRODUCTION
OF A NEW SCIENCE TO THE LARGE CONSUMER MARKET REQUIRING
THE DEVELOPMENT OF NEW SKILLS AND NEW PRODUCTS THAT CAN
ONLY RESULT IN MORE EMPLOYMENT.

WITH A VERY HIGH EXPORT POTENTIAL AND THE UTILIZATION
OF THE LATEST HIGH-PRODUCTION TECHNIQUES, THERE IS
EVERY REASON THAT CANADA WILL BECOME A LEADER IN THIS
NEW TYPE OF INDUSTRY.

OCT 21 1969

COMPANY DIRECTORS AND MANAGEMENT

The M.H.V. Ltd. Management and Executive team has been assembled to provide a balanced group of specialists capable of all major policy decisions.

A staff management and supervisory staff is being developed in preparation for the final production stage in the new plant presently scheduled for completion by December 15, 1969.

The following represents a short biographical sketch of the Company Directors and Senior Management personnel.

GEOFF VOYCE

President

Geoff Voyce has an extensive Industrial Design background in both product and equipment fields. During the last ten years, he has held supervisory and management positions with 'Computing Devices of Canada Ltd.' and 'Canadian Design Services Co. Ltd.'.

Along with other Industrial Designs, he is credited with patents and design registrations associated with 'Surface-Effect Machines', and as one of the founders of the Company, he has been very influential in moulding the Company into a dynamic operation.

NORMAN HOWARD

Vice-President
General Manager

Norman Howard graduated in Mechanical Engineering from London University, in England. His business career includes production experience as 'Assistant Manager' with 'E.M.I.Ltd.', in England.

Prior to joining the Company, he worked for 'Computing Devices of Canada Ltd.', in Program Management and International Marketing, and with 'Canadian Marconi.' as Manager in Avionics Marketing, where he gained valuable experience in company fiscal matters. He is also one of the founders of the Company.

THEODORE J. MITCHELL

Director
Technical Manager

Ted Mitchell is an Honours Graduate, 1968 from Alberta Institute of Technology, in Aeronautics and Air-Cushion Vehicles. Since that time, he has worked exclusively on the design and engineering of air-cushion vehicles, with 'Hoverwork Canada Ltd.', and 'Hovergem Ltd.'.

He is one of the founders of the Company, and is credited with original patent ideas and registrations associated with the design of 'Surface-Effect Machines'.

WILLIAM D. BURNS

Production Manager

Bill Burns is a graduate of the Inverness Royal Academy in Scotland, in Production Engineering. He brings to M.H.V. Ltd. a total of twelve years experience in the production-engineering field, including managerial and personnel areas, with such companies as 'Kelvin & Hughes', and 'Sunbeam Electric'.

WILLIAM D. BURNS (Cont'd.)

As Production Manager, he will hold one of the key decision-making positions, with the responsibility of all plant personnel and equipment required to make M.H.V. Ltd. a viable manufacturing facility.

RICHARD G. CARBONNEAU

Comptroller

Rick Carbonneau graduated from Ottawa University, with a Bachelor of Commerce degree, and is a member of 'Canadian Institute of Chartered Accountants' for Ontario and Quebec.

His business experience has been with 'Clarkson, Gordon & Co. ' in the Montreal office, and latterly as Manager of the Ottawa office.

As Comptroller of M.H.V. Ltd., he will have the responsibility of all fiscal matters including accounting and cost control systems.

F.W. WHITE

Sales Manager

Wally White graduated from Mc Gill University, in Montreal, in 1951 with a Bachelor in Engineering degree and in Electrical Engineering. His business career includes three years as Marketing Director of 'Leigh Instruments Ltd.', Agency Sales, and formerly Director of Field Engineering for 'Computing Devices of Canada Ltd.' and engineering experience with 'Sperry Gyroscope'.

As the Company Sales Manager, he will fill the key-link with Distributors and also conduct market planning research

PETER C. BRIERS

Production Engineer

Peter Briers graduated from the Welsh College of Advanced Technology, in Production and Mechanical Engineering. He has since worked exclusively on advanced production techniques with such companies as 'General Motors' and 'Northern Electric Co. Ltd.'

As Production Engineer, he is responsible for all phases of production design and methods.

PAUL SCHARF

Materials Manager

Paul Scharf successfully completed courses in Data Processing Purchasing, Supervisory Planning & Control. His business career includes four years with 'Computing Devices of Canada Ltd.' in Materials Control, Technical Buying and Expediting. As Materials Manager, he is responsible for ensuring a constant flow of materials be maintained in support of production requirements.

Other responsibilities include Purchasing, Packing and Shipping.

The presence of M.H.V. Industries Ltd. in the Ottawa area has already provided an additional 55 jobs for local personnel, and it is planned by the end of the Company's fiscal year to have a total of 150 employees, increasing to and leveling off at 200 by the end of 1970.

Many of these people will come to the Company as 'unskilled labour' and receiving training in a variety of trades such as plastics manufacturing, spray painting, metal work and assembly methods, thereby enabling them to be re-classified as 'semi-skilled' and 'skilled' labour.

The Company will help considerably towards the Industrial Development of the Ottawa region and also in identifying the Nation's Capital as an important Centre of Canada Air-Cushion Vehicle Industry.

OCT 21 1969

OPERATING REGULATIONS

The Federal Department of Transport has been actively preparing regulations relating to the use of small 'Air-Cushion Vehicles', over water.

These regulations are being incorporated into the Canadian Shipping Act.

When operating over water, the 'SPECTRA-1' owner should anticipate being required to follow an established licencing procedure as applicable to small boats, and to comply with marine rules and regulations.

Present indications are that the operator of small A.C.V.'s over land areas controlled by Canadian Provincial Governments and the United States of America will necessitate licencing in a similar manner to snowmobiles.

OCT 21 1969

FINANCE

Following a feasibility study in connection with the production and marketability of an 'Air-Cushion Vehicle', the Company was incorporated as a private Company under the laws of Canada on November 26, 1968. The initial authorized capital was for 100,00 NO PAR value shares with a maximum aggregate value of \$100,000. Supplementary letters patent were subsequently obtained increasing the Company's authorized capital to 300,000 shares with a maximum aggregate value of \$2,000,000.

From the date of incorporation to the end of June 1969, six prototype models of the craft were built and tested. A final configuration was approved and limited production for the consumer market commenced..

In order to finance the construction of a 100,000 square foot plant to purchase the latest assembly line machinery and equipment available on the market and to provide for initial working capital, the Company, was required to obtain funds in the amount of \$2,000,000.

Shares were sold privately to Canadian investors and long-term financing was arranged with 'Roynat' of Montreal.

Application was recently made for supplementary letters patent changing the Company to a public company. Once obtained, the Company will appoint 'Burns Bros. & Denton Ltd.', of Toronto, as its fiscal agent. The fiscal agent, on behalf of the Company, will then approach an informed investor for purposes of obtaining in exchange for shares the balance of funds required.

FINANCE (Cont'd)

By licence agreement for the whole of North America, the Company has access to patents owned by 'Hovercraft Development Ltd.', of England. Royalties will be paid to this Company on all units sold.

The Company has made application for a grant under the Industrial Research and Development Incentives Act, (I.R.D.I.A.), and is confident that such will be obtained.

Application for Provincial Government assistance has been made, however none has been received to-date.

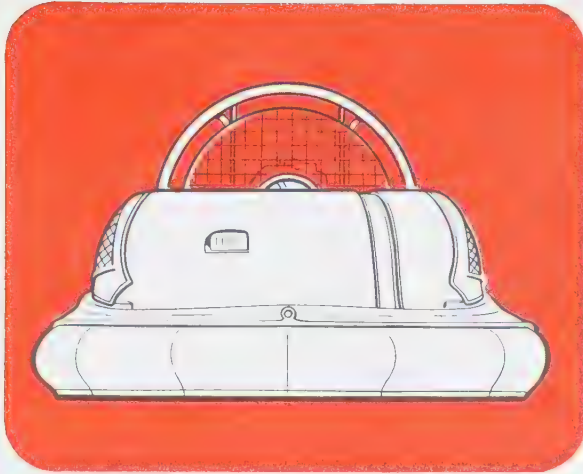
Once established in the plant and in full production, the Company will require a labour force of from 150 to 200 people. Salaries and wages paid by the Company should inject funds of from \$5,000,000 to \$9,000,000 into the Ottawa area. The City of Ottawa and surrounding areas will also benefit from the various taxes which will be generated by the Company.

The Company's product will attract business from the whole of Canada as well as the United States and accordingly should contribute to the image of the Ottawa area.

SPECTRA 1

surface effect machine
A new EASIER FOR EVERYBEING idea from M-N

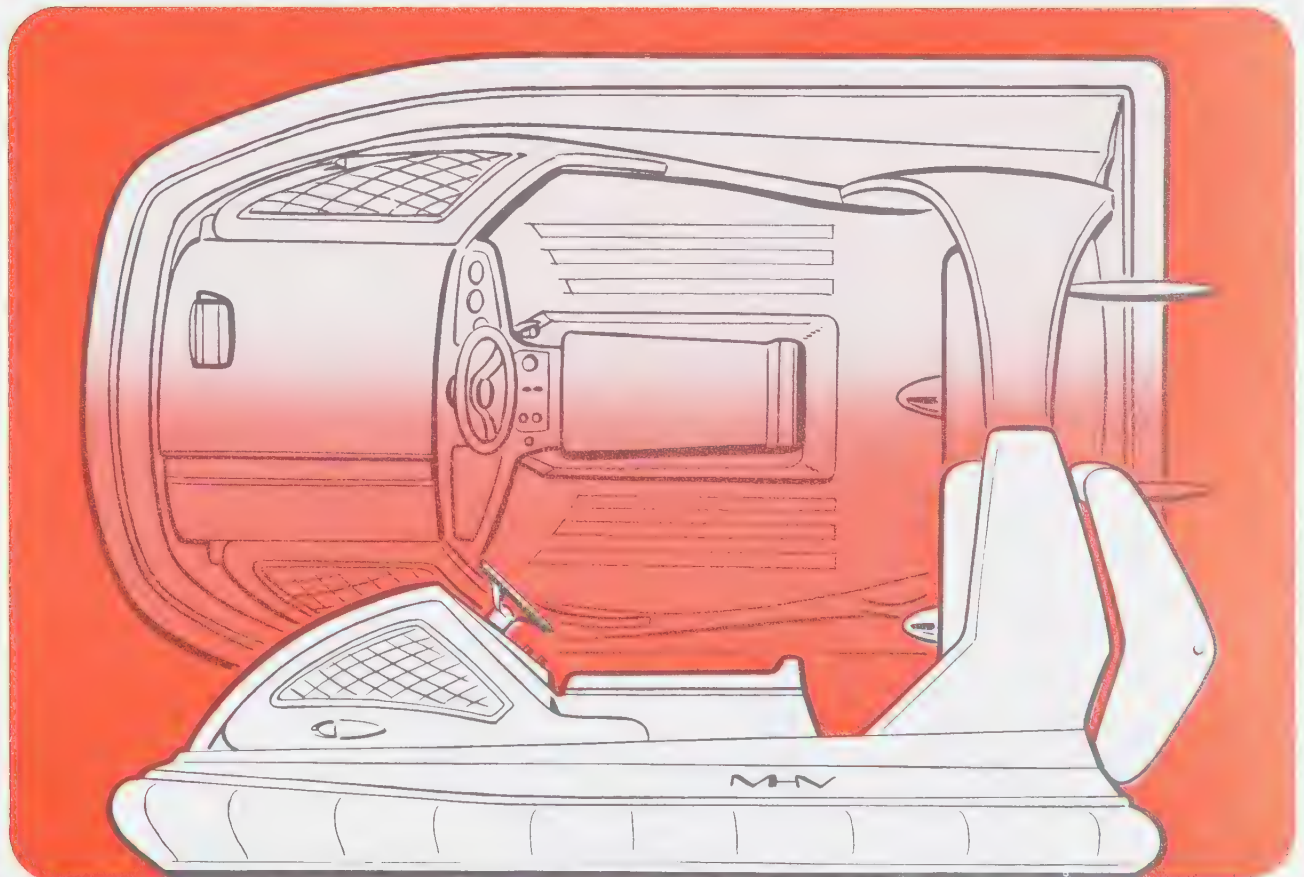
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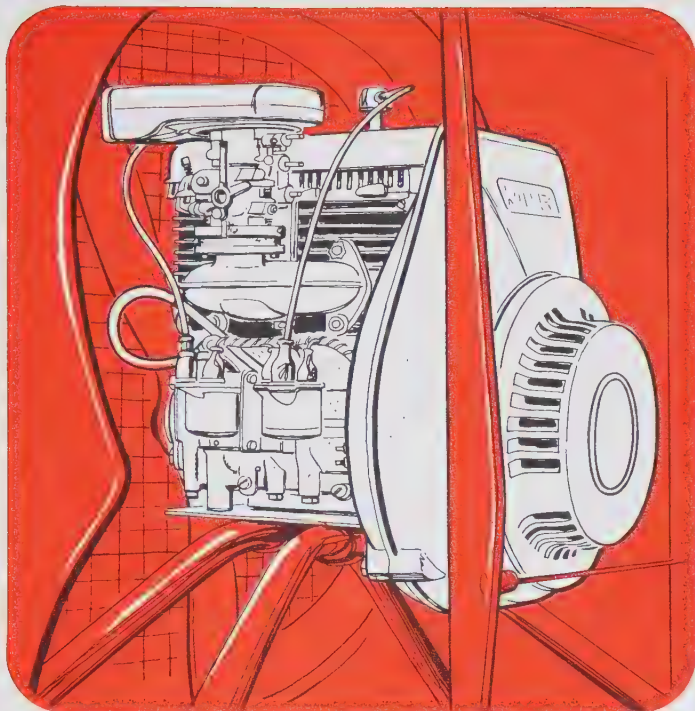
Spectra 1 is the new concept in all terrain, all season, 2 person craft for the recreational and sporting enthusiast.

First in the field, the SPECTRA has two engines, one for up, and one for over.

Light and easily transportable, a little practice opens up a whole new world of skill and thrill.



DATA SHEET



SPECIFICATIONS

Overall Length	10' - 0"
Overall Width	6' - 0"
Overall Height	4' - 0"
Dry Weight	450 lbs
All-up Weight	850 lbs
Skirt depth	10 inches
Hovergap	1 inch
Fuel capacity	5 gallons
Buoyancy	1000 lbs

12 volt, electric start
2 cycle engines.
Moulded fibreglas,
reinforced plastic body.

The SPECTRA 1 is offered in three versions determined by the power of propulsion.

The SPECTRA 1-2001 is the standard model, equipped with a 20HP single-cylinder two-stroke engine and a laminated hardwood propeller.

The SPECTRA 1-2002 is the first of the performance models with a 25HP two-cylinder engine and a high quality metal and epoxy sheathed propeller, also included is a deluxe seat.

The SPECTRA 1-2003 is the high performance model with a 30HP twin-cylinder engine, a high efficiency, sheathed propeller and a deluxe seat.

PERFORMANCE	HP	SPEED ON WATER	SPEED ON LAND	SPEED ON ICE
MODEL 2001 *	20	20 - 25	30 - 35	40 - 45
MODEL 2002	25	35 - 40	45 - 50	60 - 65
MODEL 2003 *	30	40 - 45	55 - 60	70 - 75

* Available in 1970

MHV INDUSTRIES LIMITED
BOX 2700, STATION D, OTTAWA, ONTARIO











MITCHELL



VOYCE





MHV SPECTRA 1



**SPECTRA I / RECREATIONAL
AIR CUSHION VEHICLE**

**AFFIX
POSTAGE**

Length : 10 ft.

Width : 6 ft.

Weight : net/450 lbs.

: gross/850 lbs.

Speed : on land/45 MPH

: on water/40 MPH

I would like:

1. Further information

☐

2. A demonstration

☐

3. To buy a SPECTRA I

☐

NAME:

ADDRESS:

.....

M.H.V. INDUSTRIES LTD.

BOX 2700

STATION 'D'

OTTAWA, ONTARIO

CANADA